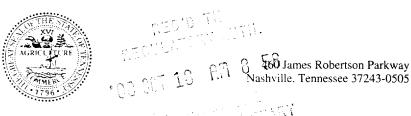
TENNESSEE REGULATORY AUTHORITY

Sara Kyle, Chairman Lynn Greer, Director Melvin Malone, Director



October 18, 2000

TRANSMITTED VIA FAX (615) 256-1726 / ORIGINAL TO FOLLOW VIA U.S. MAIL

Ms. Sharon Jacobs, Esq. Wyatt, Tarrant & Combs, LLP 2525 West End Avenue, Suite 1500 Nashville, TN 37203-0020

RE: Z-Tel Communications, Inc. (Docket No. 00-00861)

Dear Ms. Jacobs:

The *Tennessee Regulatory Authority* requests the following information regarding the Application of Z-Tel Communications, Inc. (hereafter "Z-Tel" or "Applicant") for a Certificate of Public Convenience and Necessity to provide facilities based local exchange telecommunications services in the State of Tennessee pursuant to TCA §65-4-201.

Financial Requirements:

Provide the following financial information of the Applicant:

- 1. Projected financial statements (three years): (Balance Sheet, Income Statement, Statement of Cash Flows).
- 2. A three year capital expenditures budget that includes the following: Equipment to be deployed; Cost of Equipment; and Sources of funding Tennessee network, equipment, *UNEs*: cash, loan commitments, vendor credits, letters of credit, etc. (complete detail).
- 3. Please quantify amounts included in financial statements and projections relating to reciprocal compensation for terminating ISP traffic.
- 4. Reminder: TCA §65-4-125 amendment states that all telecommunications service providers subject to the control and jurisdiction of the authority, except those owners or operators of public telephone service who pay annual inspection and supervision fees pursuant to Tennessee Code Annotated, §65-4-301(b), or any telecommunications service provider that owns and operates equipment facilities in Tennessee with a value of more than five million (\$5,000,000), shall file with the authority a corporate surety bond or irrevocable letter of credit in the amount of twenty thousand dollars (\$20,000) to secure the payment of any monetary sanction imposed in any enforcement proceeding, brought under this title or the Consumer Telemarketing Protection Act of 1990, by or on behalf of the Authority. Please submit a corporate surety bond or irrevocable letter of credit to the TRA on the provided forms, if applicable.



Small and Minority-Owned Telecommunications Business Participation Plan:

Please provide a Small and Minority-Owned Business Participation Plan in accordance with **TCA §65-5-212.** Provide definitions from statute. An example is on the TRA Telecommunications website.

Numbering Issues:

Please provide answers to the following numbering issues with your proposed service area:

- 1. What is your Company's expected demand for NXXs per NPA within a year of approval of your application, even though the Applicant may utilize UNEs from BellSouth?
- 2. How many NXXs do you estimate that you will request from NANPA when you establish your service footprint while utilizing UNEs, etc.?
- 3. Will the Company sequentially assign telephone numbers within NXXs when utilizing UNEs, etc.?
- 4. What Tennessee numbering conservation measures will the Company utilize?
- 5. When ordering new NXXs for growth, what percentage fill of an existing NXX does the company use to determine when a request for a new NXX will be initiated?

Miscellaneous:

- 1. Are customer deposits required? If so, amount required? Is the applicant bonded for the amount of the deposits?
- 2. Will the Applicant provide consumer access to and support for the Tennessee Relay Center in the same manner as the incumbent local exchange telephone companies?
- 3. Note: A wireline Activity Report should be submitted to the TRA on a monthly basis for approved applicants once service commences. This information provides the TRA with data regarding the status of local telephone competition in Tennessee.
- 4. Identify all complaints filed with state and federal regulatory agencies involving your Company or affiliated entities. Identify the nature of the complaint, which governmental agency or office received the complaint, and how was the complaint resolved.

Please submit the requested information by October 30, 2000. If you have any questions, please contact this office at (615) 741-2904 (ext. 132).

Sincerely,

David Waddell
Executive Secretary

C: Docket File
Joe Werner
Darlene Standley
Carsie Mundy

Wholdell

Attachment: (1)